

## Message Text

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ACTION EB-11

INFO OCT-01 EA-11 ISO-00 SS-20 NSC-10 L-03 STR-08 CIAE-00

DODE-00 INR-10 NSAE-00 PA-04 RSC-01 USIA-15 PRS-01

SPC-03 COME-00 INT-08 TRSE-00 SCI-06 OMB-01 DRC-01

/114 W

----- 050413

R 061033Z DEC 73

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 1460

INFO AMEMBASSY TOKYO

AMEMBASSY TAIPEI

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

AMEMBASSY BANGKOK

AMCONSUL HONG KONG

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EO 11652 NA

TAGS: ENRG, KS

SUBJECT: PETROLEUM SUPPLY SITUATION - KOREA

REF A) SEOUL 7486 B) SEOUL 7879 C) STATE 234084

SUMMARY: ROKG HAS APPROVED PRICE INCREASES AND TAKEN  
VARIOUS STEPS TO AMELIORATE OIL SHORTAGE. FULL  
IMPACT OF SHORTAGE ON INTERNATIONAL BUNKERING REMAINS  
TO BE SEEN. END SUMMARY

1. PETROLEUM PRODUCT PRICE INCREASES SAID TO AVERAGE  
30 PER CENT WERE APPROVED BY THE KOREAN GOVERNMENT ON  
DECEMBER 4. ANNOUNCEMENT SAID OCTOBER 16 JUMP OF  
MID EAST CRUDE FROM \$3.00 TO \$4.257 PER BARREL JUSTIFIED  
DOMESTIC INCREASE AT THIS TIME. LARGEST INCREASE WAS  
FOR NAPHTHA WHICH ROSE 65 PER CENT TO \$5.00 PER BARREL.  
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RETAIL PRICES OF BUNKER C AND DIESEL FUEL, THE MOST

CRITICALLY SHORT ITEMS, WENT UP BY 25.7 AND 26.5 PER CENT RESPECTIVELY. BUNKER C IS NOW 22.6 WON PER LITER, RETAIL, DIESEL NOW 37 WON PER LITER AND HD PREMIUM GASOLINE NOW 85 WON PER LITER, ALL INCLUDING TAX. DETAILED PRICE LIST WILL BE TRANSMITTED BY AIRGRAM. PRICE INCREASES ON OTHER COMMODITIES AND IMPACT ON ECONOMY ARE COVERED IN SEPTEL FOLLOWING.

2. IN OTHER ACTIONS OVER PAST TEN DAYS, ROKG HAS INSTRUCTED REFINERS TO BUILD UP DEPLETED INVENTORIES DURING DECEMBER WHEN LARGE DELIVERIES EXPECTED, AND ADVISED INDUSTRY AND BUSINESSES NOT TO USE OIL SHORTAGE S PRETEXT TO LAY OFF WORKERS. ROKG ALSO HAS PROMISED TO BE STRONGER IN CHECKING "IRREGULARITIES" WHICH STILL OCCUR IN SO-CALLED "FREE MARKET" SYSTEM IN WHICH REFINERS AND DISTRIBUTORS ALLOCATE OIL TO INDUSTRIAL AND HOUSEHOLD CONSUMERS UNDER BROAD GUIDELINES DESIGNATED BY GOVERNMENT. OVERALL EFFECT ON INDUSTRY IS NOT YET CLEAR, BUT SEVERAL PLANTS HAVE BEEN FORCED TO CURTAIL OR DISCONTINUE OPERATIONS TEMPORARILY. SEOUL MUNICIPAL GOVERNMENT HAS STEPPED IN WITH ITS OWN RATIONING SYSTEM ADMINISTERED BY WARD OFFICES IN ATTEMPT TO INSURE EQUITABLE DISTRIBUTION OF ESSENTIAL HOME HEATING FUELS. CENTRAL GOVERNMENT HAS REITERATED EARLIER ANNOUNCEMENTS ON CONSERVATION AND IN ADDITION HAS BANNED USE OF PRIVATE PASSENGER CARS WITH ENGINES OF EIGHT CYLINDERS OR MORE, HAS RECOMMENDED GAS STATIONS CLOSE ON SUNDAYS, AND CLOSED SCHOOLS AND COLLEGES FOR LONG WINTER VACATIONS. AN INTER-MINISTRY ENERGY COMMITTEE OF VICE MINISTERS HAS BEEN ESTABLISHED TO DAILY REVIEW PROBLEMS AND SUGGEST CORRECTIVE ACTIONS.

3. BUNDERING SITUATION REMAINS UNCLEAR. HOWEVER, ACTUAL IMPACT OF RESTRICTIONS ON FUEL AVAILABILITY APPEARS GREATEST ON SMALLER VESSELS AND FISHING BOATS USING DIESEL OIL. WHILE THERE ARE SPORADIC REPORTS OF FOREIGN CARGO VESSEL CANCELLATIONS OR DIFFICULTIES IN OBTAINING BUNKERS, AGENTS FOR U.S. SHIPPING COMPANIES SO FAR HAVE REPORTED NO DIFFICULTIES IN OBTAINING NECESSARY QUANTITIES OF BUNKER C FOR SHIPS ACTUALLY CALLING AT KOREAN PORTS. PRICE INCREASE NOTICE ISSUED BY LIMITED OFFICIAL USE

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MCI INCLUDED AMBIGUOUS STATEMENT THAT PRICE FOR INTERNATIONAL BUNKERS WOULD BE HIGHER THAN THAT FOR DOMESTIC BUNKERING. SPECIFIC PRICES FOR INTERNATIONAL BUNKERS, HOWEVER WERE NOT LISTED. DECONTROL FOLLOWING DECEMBER 7, 1975. UNDERHILL

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, SUPPLIES, REFUELING, PARITY PRICES, RATIONING  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 DEC 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** garlanwa  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Film Number:** n/a  
**From:** SEOUL  
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**Secure:** OPEN  
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**TAGS:** ENRG, KS, XX  
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